

SUPPLEMENTAL

COUNCIL AGENDA: 06-28-05
ITEM: 6.2

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: William F. Sherry, A.A.E.

SUBJECT: SEE BELOW

DATE: June 28, 2005

Approved

Date

6/28/05

Council District: Citywide

**SUBJECT: APPROVAL OF AWARD FOR ON-DEMAND DISPATCH SERVICES AT
MINETA SAN JOSÉ INTERNATIONAL AIRPORT**

SUPPLEMENTAL

REASON FOR SUPPLEMENTAL

This memorandum is being provided to address concerns submitted in a letter to the Mayor and City Council from Yellow Checker Cab Company, Inc., concerning the award of contract for on-demand dispatch services at the Mineta San Jose International Airport.

BACKGROUND

Staff was provided a copy of a letter sent to the Mayor and City Council from Yellow Checker Cab Company, Inc., that specified three areas of concern regarding the approval of award of contract to Taxi San José, Inc., for On-Demand Dispatch Services at the Airport. The intent of this memorandum is to provide information for City Council to consider when addressing these questions.

ANALYSIS

Yellow Checker Cab company, Inc., has suggested the City give further consideration to three specific issues prior to awarding a contract for dispatch services. While the three issues of concern were addressed in staff's original Council memo, staff feels it is appropriate to provide additional information to the specific questions.

What has been built into the contract to assure that non-member Taxi San José cab companies and drivers will be treated fairly?

Taxi San José has addressed the impartiality issue from many different directions to ensure an operating system is created that will be impartial and not favor any specific driver or company. Furthermore, Taxi San José will provide an open reporting system that will be posted and available for all drivers and companies to inspect that will identify any unusual or inappropriate activity. The proposed operating policy will be on a "first come, first served" basis. This will ensure that no preferential treatment is bestowed and issues with denial of short fares are eliminated. Taxi San José's sub-contractor, Bauer's Limousine Service, Inc., will institute a training program for their staff that will address the issue of preferential treatment and it will be clearly communicated to all Bauer employees that preferential treatment will not be tolerated. Bauer's will pursue disciplinary action with any employee who shows preferential treatment.

Lastly, the City has the ability under the contract to assess liquidated damages of \$500.00 per occurrence to Taxi San José for preferential treatment towards any driver or company dispatched by Bauer's.

Taxi San José's relationship with Bauer's Limousine is still of great concern to us. We have repeatedly requested copies of the agreement between Taxi San José and Bauer, but has (sic) not been provided. You should not approve this arrangement until you and we have a chance to carefully review and comment on that agreement.

Through the negotiation process City staff had the ability to review and comment on the contract between Taxi San José, Inc. and Bauer's Limousine Service, Inc. The original agreement was executed in March 2005 by the two entities. However, throughout the negotiation process the agreement was being refined and amended by Taxi San José and Bauer's as late as last week. Taxi San José and Bauer's have been receptive to the City's comments and have made amendments to their agreement to address the City's concerns. The contract fully incorporates the terms and conditions of the agreement between Taxi San José and the City. Due to this communication and the inclusion of the Taxi San José Agreement, staff does not anticipate problems to arise with their contractual relationship.

The State Employment Development Department makes it very clear that regulations imposed by Taxi San José will be evidence of control and are, therefore, inconsistent with the independent contractor status. How will the loss of independent contractor status be avoided?

The rules, policies, and regulations that Taxi San José, through Bauer's, will be monitoring and enforcing are established by the City and the Airport, not by Taxi San José and/or Bauer's. The standards, and the possibility of related liquidated damages, are specified in the Taxi San José Agreement, the Driver Airport Access Permits, and the Company Airport Access Contracts. Staff believes that the relationship between the taxicab companies and their drivers will be no different than the current relationship between the taxicab concessionaires and their drivers. In both cases, the rules, policies, and regulations applicable to drivers are established and enforced by the City and not by the taxicab companies.

HONORABLE MAYOR AND CITY COUNCIL

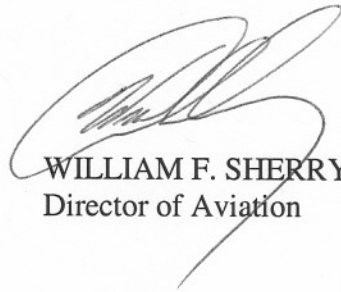
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RECOMMENDATION

Taxi San José has expressed a commitment to accept and implement ideas and suggestions from all companies and drivers, regardless of whether or not they are a part of Taxi San José. While, unfortunately, not all companies are fully supportive of Taxi San Jose, City staff believes that Taxi San José can provide the on-demand services required by the agreement and recommends award to Taxi San José.



WILLIAM F. SHERRY, A.A.E.
Director of Aviation